

**TCRC RTE PIP PROGRAM UPDATE JULY – December, 2008**

**TCRC RTE PIP Plan 2008 Jul - Dec**

| <b>Category</b>                  | <b>Objective</b>  | <b>Target</b>                  | <b>Maximum Payout</b> | <b>Results to Date</b>   |
|----------------------------------|---|--------------------------------|-----------------------|--|
| <b>Corporate - Financial</b>     | Operating Income  | \$1.229 billion                | 1.00%                 | Payout on corporate performance (January 1, 2008 – December 31, 2008)<br><br>Did Not Meet. |
| <b>Personal - Safety</b>         | Personal accountability                                 |                                |                       | Payout on individual basis (July 1, 2008 – December 31, 2008)                              |
|                                  | no CRV's  | 0                              | 0.25%                 |  |
|                                  | no FRA Personal Injuries                                | 0                              | 0.25%                 |  |
|                                  | no FRA Train Accidents (Human Error)                    | 0                              | 0.25%                 |  |
|                                  | no non-FRA Train Accidents (Human Error)                | 0                              | 0.25%                 |  |
| <b>Personal Attendance</b>       | Individual attendance better than Service Area average. | Service Area average           | 1.00%                 | Payout on an Individual basis (July 1, 2008 – December 31, 2008)                           |
|                                  | Alberta   | 97.89%                         |                       |  |
|                                  | BC Interior   | 97.65%                         |                       |  |
|                                  | Manitoba  | 97.37%                         |                       |  |
|                                  | Montreal  | 97.95%                         |                       |  |
|                                  | NOSA  | 98.28%                         |                       |  |
|                                  | SOSA  | 97.75%                         |                       |  |
|                                  | Vancouver   | 97.35%                         |                       |  |
|                                  | Saskatchewan  | 97.05%                         |                       |  |
| <b>Supply Departure Variance</b> | Crew Supply - Departure target for each service area.   | Service Area Average (hrs:min) | 0.50%                 | Payout on Service Area basis (July 1, 2008 – December 31, 2008)                            |
|                                  | Alberta   | 1:24                           |                       | 1:20 exceeding target  |
|                                  | BC Interior   | 1:21                           |                       | 1:17 exceeding target  |
|                                  | Manitoba  | 1:09                           |                       | 1:21 not meeting target  |
|                                  | Montreal  | 2:07                           |                       | 2:12 not meeting target  |
|                                  | NOSA  | 1:09                           |                       | 1:13 not meeting target  |
|                                  | SOSA  | 1:41                           |                       | 1:40 exceeding target  |
|                                  | Vancouver   | 1:25                           |                       | 1:18 exceeding target  |
|                                  | Saskatchewan  | 1:25                           |                       | 1:29 not meeting target  |

| <b>Consist Accuracy Exceptions</b> | Consist Accuracy target set for each service area. (Dangerous commodity only) | Service Area Based | 0.50% | Payout on Service Area basis (July 1, 2008 – December 31, 2008) |
|------------------------------------|---|--------------------|-------|---|
|                                    | Alberta   | 5%                 |       | 4.19% exceeding target  |
|                                    | BC Interior   | 5%                 |       | 2.00% exceeding target  |
|                                    | Manitoba  | 5%                 |       | 4.02% exceeding target  |
|                                    | Montreal  | 5%                 |       | 5.94% not meeting target  |
|                                    | NOSA  | 5%                 |       | 1.54% exceeding target  |
|                                    | SOSA  | 5%                 |       | 4.10% exceeding target  |
|                                    | Vancouver   | 5%                 |       | 3.15% exceeding target  |
|                                    | Saskatchewan  | 5%                 |       | 3.18% exceeding target  |
|                                    |   |                    |       |   |
| <b>Fuel Conservation</b>           | fuel consumption in liters per 1000 GTM.                                      | 4.5                | 1.00% | 4.5 met target (Jul-Dec)  |
|                                    |   |                    |       |   |
|                                    |   |                    | 5.00% |   |

Note: Payout is based upon the year end results and not monthly results.